

### REMARKS

Reconsideration of this application is respectfully requested in view of the foregoing amendment and the following remarks.

Claims 1-24 were pending in this application. Claim 10 has been cancelled, and claims 1-3, 5-8, 11-16 and 21 have been amended hereby to even more clearly recite features of the present invention. Accordingly, claims 1-9 and 11-24 will be pending herein upon entry of this Amendment. Support for the amendments to the claims is detailed below. No new matter has been entered.

Applicants acknowledge with appreciation the re-opening of prosecution in light of the Appeal Brief filed September 7, 2006. In view of the claim amendments set forth above and the following arguments, applicants respectfully submit that all claims pending herein are in condition for allowance.

In the Office Action, claims 1-24 were rejected under 35 U.S.C. §101 as allegedly directed to non-statutory subject matter; claims 1, 2, 8, 9, 16 and 21-24 were rejected under 35 U.S.C. §102(e) as being anticipated by U.S. Patent 7,146,330 to Alon et al. ("Alon"); and claims 3-7, 10-15 and 17-20 were rejected under 35 U.S.C. §103(a) as being unpatentable over Alon in view of U.S. Patent 6,876,983 to Goddard ("Goddard"). To the extent these grounds of rejection might again be applied to claims presently pending in this application, they are respectfully traversed.

**Rejection of claims 1-24 under 35 U.S.C. §101**

With respect to the §101 rejection, applicants have amended the claims to recite, among other things, “transmitting transaction directives to transacting buyers and sellers associated with” cleared advantaged and disadvantaged offers. Support for this amendment can be found, for example, in paragraphs [0190] and [0192] of the published version of the instant application (US 2001/0032162 A1). Consequently, the claims, now, even more clearly recite a “real-world result,” namely outputting a specific type of data. As such, it is respectfully requested that the §101 rejection be reconsidered and withdrawn.

**Rejection of claims 21-24 under 35 U.S.C. §102 based on Alon**

It is asserted in the Office Action that Alon discloses the original claim 21 feature of “straddles.” Applicants respectfully disagree that Alon discloses this feature, and believe that claim 21, which has been amended to incorporate the features of independent claim 16, is in immediate condition for allowance. As outlined in the Appeal Brief of September 7, 2006, a “straddle” is a set of multiple advantaged offers, which describe offerer-defined product-attribute trade-offs across different related, complementary, or substitute products. Each product-attribute-specific offer appears to be a separate advantaged offer, which, taken together, are then constrained by a straddle limit as to how many offers or products can be associated. When the limit is reached (the specified number of products or offers are associated), remaining offers that are not associated are withdrawn.

The Office Action cites to col. 4, lines 52-65 and col. 6, lines 1-8 of Alon as allegedly disclosing the straddle feature. The column 4 citation discloses how a search for an existing

group of potential buyers may be performed. However, such a search has nothing to do with “specifying a straddle limit,” adding offers to corresponding straddles, or “generating a straddle...if no corresponding straddle exists,” as recited in original claim 21, and which language has not been modified by the instant amendment.

Further, the column 6 citation in Alon is merely directed to describing the types of communication that may go on among the parties. There is nothing in the cited passage that is related to “straddles” as recited in claim 21.

Accordingly, applicants respectfully submit that amended claim 21 should be in immediate condition for allowance.

**Rejection of remaining claims under §102 and §103 based on Alon (and Goddard)**

As outlined in the Appeal Brief filed September 7, 2006, the presently claimed invention provides, among other things, a meeting place where buyers and sellers can efficiently find each other, make individual offers to buy and sell products with varying attributes at varying prices with varying fulfillment costs, and produce many-to-many transactions at multiple prices at the same time. See, e.g., paragraph [0022] of the published application.

Independent claims 1 and 16 expressly recite a computer-implemented method for clearing offers, where the offers themselves specify conditions for acceptance. Two types of offers are recited in the claim: advantaged offers and disadvantaged offers.

An “advantaged offer” is one which, once associated, will necessarily be transacted upon, either in accordance with the originally-offered terms, or in accordance with better terms. This definition is now expressly recited in independent claims 1 and 16. A “disadvantage offer,” on

the other hand, is an offer which, once associated, may subsequently become disassociated, such that the offer may not be transacted upon. In other words, an “advantaged offer” has the essence of a guarantee at the originally-offered terms or better, whereas a disadvantaged offer has no such guarantee. This is precisely what makes an advantaged offer “advantaged” as compared to a disadvantaged offer. These concepts are discussed, for example, in paragraph [0047] of the published application.

Independent claims 1 and 16 have also been amended to emphasize not only these features, but several other features as well that distinguish the claimed invention from both Alon and Goddard. Specifically, amended claim 1 recites (with particular features emphasized for purposes of discussion):

receiving a plurality of binding advantaged offers, wherein an advantaged offer is one which, once associated with a given disadvantaged offer, will necessarily be transacted upon, either in accordance with terms originally associated with the advantaged offer, or in accordance with better terms;

respectively associating individual binding advantaged offers with individual available most-favorable binding disadvantaged offers, wherein the conditions of acceptance of the individual binding advantaged offers are met by respective binding disadvantaged offers;

changing the association of one of the individual binding associated advantaged offers to a newly available binding disadvantaged offer that offers more favorable terms than a currently associated disadvantaged offer, when the newly available binding disadvantaged offer is received and meets the conditions of acceptance of the associated binding advantaged offer, wherein the

step of changing the association is performed in order of chronological priority of receipt of the binding advantaged offers:

at a predetermined time, clearing associated individual binding advantaged offers and binding disadvantaged offers to produce cleared individual binding advantaged offers and binding disadvantaged offers; and

transmitting transaction directives to transacting buyers and sellers associated respectively with the cleared individual binding advantaged offers and binding disadvantaged offers.

From the emphasized portions above, it can be seen that the claimed invention recites multiple limitations, including:

1. Binding offers (See paragraphs [0046], [0116], [0188], [0189], [0191])
2. Offers are treated individually (See paragraphs [0022], [0036], [0037], [0121], [0155], [0162])
3. Chronological priority (See original claim 10, and paragraphs [0047], [0050])
4. Offers are associated (or locked) as new disadvantaged offers are received (i.e., in real-time) (See paragraphs [0046], [0129], [0162])

In other words, claims 1 and 16 require that the advantage and disadvantages offers themselves be binding. Both Alon and Goddard disclose commitments only to final transactions. Their offers are not themselves binding. Indeed, both prior art references teach away from this basic requirement. See, e.g., Goddard at 5:24-27 (“a user can leave a shoppers group at any time during the predetermined time period”), and Alon at 6:9-23 (“As members commit to the group

purchase, their purchase information, such as credit card numbers, may be collected"). Thus, it is clear that the cited prior art references do not contemplate "binding" offers, as contemplated by the claimed invention. Indeed, making offers binding provides for one of the goals of the instant invention: the motivation of honest behavior. See, e.g., paragraph [0050] of the published application.

The claimed invention further requires that submitted offers be treated as individual offers. As noted, the invention is capable of clearing individual offers at multiple prices. The only way for this to occur is if the received offers are treated individually. This is in contrast to both Alon and Goddard, where the focus is to aggregate buyers so that all buyers receive a lower same price. There is no teaching in either of Alon or Goddard about how buyers within a group may end up paying different prices. Yet, this possibility is expressly contemplated by the instant invention, and this feature is now expressly recited in the claims.

Connected with the requirement of individual treatment of offers, is the requirement that offers be re-associated based on the order of chronological priority of receipt. This feature, originally recited in dependent claim 10, is now recited in independent claims 1 and 16. Only Goddard is cited as allegedly disclosing this feature of the present invention, and particularly col. 11, lines 43-47. The cited passage teaches that if 1000 demands for a product were registered but there were only 900 products available, then the first 900 users to join a group are entitled to the products. While there is a notion of timing with respect to this passage, the passage does not, in fact, teach the precise requirement of the claims. The claims require that an association be changed. This means that one advantaged offer is unlocked and then re-locked with a new

disadvantaged offer. The claim language thus requires a first locking or association, and then a second or subsequent locking or association for a same advantaged offer. Goddard does not teach any type of unlocking or re-locking mechanism, and thus cannot disclose how a same advantaged offer benefits from changing its association based on a chronological priority of receipt.

Finally, and also in connection with the individual treatment of offers and the timing of receipt of offers, is the requirement that offers be handled in real time as they are “received.” Independent claims 1 and 16 require that the changing of the association of an advantaged offer with a new disadvantaged offer occurs “when the newly available binding disadvantaged offer is received.” That is, as the disadvantaged offers are received, advantaged offers become re-associated. This is an on-going (real-time) process that, again, motivates the honest behavior that the instant invention seeks to promote. This is in contrast to, for example, Goddard, (Col. 12, lines 30-31) wherein it is taught that matching is done “at the last date/time for proposals.”

It is noted further that dependent claim 3 has been amended to emphasize that pricing is systematically calculated. See, e.g., paragraph [0046] of the published application. This feature is fundamentally different from the teachings of Goddard, the only reference cited for the subject matter recited in claim 3. The passage of Goddard relied upon in the Office Action, col. 12, lines 1-39, is preceded by col. 11, lines 56-67, which describe how a supplier selects the format of pricing that is desired. This is in contrast to the expressly claimed limitation that price is systematically calculated based on a price function of a disadvantaged offer. In other words, in

Goddard, the supplier performs the calculation, whereas, in the instant invention, price is calculated by the clearing process based on information in an offer itself.

Applicants submit that many of the other dependent claims are also separately patentable over the prior art. In any event, these claims are believed to be patentable over the cited prior for at least the same reasons outlined above with regard to the independent claims.

In view of the foregoing all of the claims in this case are believed to be in condition for allowance. Should the Examiner have any questions or determine that any further action is desirable to place this application in even better condition for issue, the Examiner is encouraged to telephone applicants' undersigned representative at the number listed below.

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